

May 25, 2007

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

Re: *Ex Parte* Meeting of Neutral Tandem, Inc.; WC Docket No. 06-159

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Federal Communications Commission's ("Commission") Rules, 47 C.F.R. § 1.1206, this letter serves to provide notice that on May 24, 2007, the undersigned and Rian Wren, President and CEO of Neutral Tandem, Inc. ("Neutral Tandem") made a presentation concerning the above-referenced proceeding in a meeting with Donald Stockdale, Deena Shetler, Victoria Goldberg, Jay Atkinson, and Lynne Engledow of the Commission's Wireline Competition Bureau.

The purpose of the meeting was to provide a response to the recent *ex parte* communications filed by Level 3 Communications, LLC ("Level 3") in this docket, in which it discussed disputes pending between Neutral Tandem and Level 3 before several state public utility commissions. Neutral Tandem attaches hereto the presentation provided at the meeting, which contains information concerning, among other things, the decision of the Mediator in the dispute pending between Neutral Tandem and Level 3 before the Michigan Public Service Commission. Please note that pursuant to the Michigan Telecommunications Act, the Mediation Decision is not to be disclosed to the Michigan Commissioners or other Michigan PSC decision makers.

Pursuant to the Commission's Rules, this letter is being filed in the above-captioned proceedings for inclusion in the public record. Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

/s/
Ronald W. Gavillet
Executive Vice President of External Affairs
Neutral Tandem, Inc.
1 South Wacker Drive, Suite 200
Chicago, IL 60606
Telephone: (312) 384-8040
Facsimile: (312) 346-3276

Attachment

cc: Donald Stockdale
 Albert Lewis
 Deena Shetler
 Victoria Goldberg
 Jay Atkinson
 Lynne Engledow

Response to Level 3 Communications, LLC

Neutral Tandem

May 24, 2007

Background

- History of Business Relationship
- Level 3 Motivations
 - Seeking Neutral Tandem to act as Recip Comp Clearinghouse/Bill Collector
 - Unfairly Advantage Level 3's entry into Transit Market
 - FCC Visit: Level 3 Losing in Every State
- Neutral Tandem's Response to Level 3's Threat to Block Traffic (e.g., Cogent "De-Peering")
 - Sought Negotiated Agreement
 - Filed at PUCs requesting non-discriminatory treatment by Level 3 in the termination of transit traffic to Level 3's assigned phone numbers

State Proceedings

- No State has granted Level 3's Motions to Dismiss
 - Several states have denied Level 3's motion and/or ordered an injunction against Level 3 disconnecting from Neutral Tandem
- Hearings have been held in several states
 - GA, NY, CT, and IL
 - Pending Hearings: CA, MI, FL, and MN
- Illinois Senior Policy Advisor testimony
- Michigan Statutorily Required Mediation Order

Direct Testimony of the Staff of the Illinois Commerce Commission

- As a public policy matter, the Commission should rule on disputes between CLECs relating to interconnection of networks and requirements that traffic be exchanged without delay or discrimination.
- Established rules on reciprocal compensation are pertinent to the proceeding.
- Reciprocal compensation payments from the originating carrier compensate Level 3 for the facilities and services it provides in terminating calls received from originating carriers.
- Since the traffic at issue does not originate on Neutral Tandem's network, Neutral Tandem cannot be held liable for reciprocal compensation payments. Rather, reciprocal compensation is due from the originating carrier.
- If adopted, Level 3's position would deprive carriers choice, by forcing them to either use the ILEC as the tandem transit provider or interconnect directly to Level 3.
- Since the CLECs choosing to use Neutral Tandem as their transit provider are paying for this service and because termination is a bottleneck, CLECs should have their choice in determining how their traffic is terminated to Level 3.

MI Mediation: Case No. U-15230*

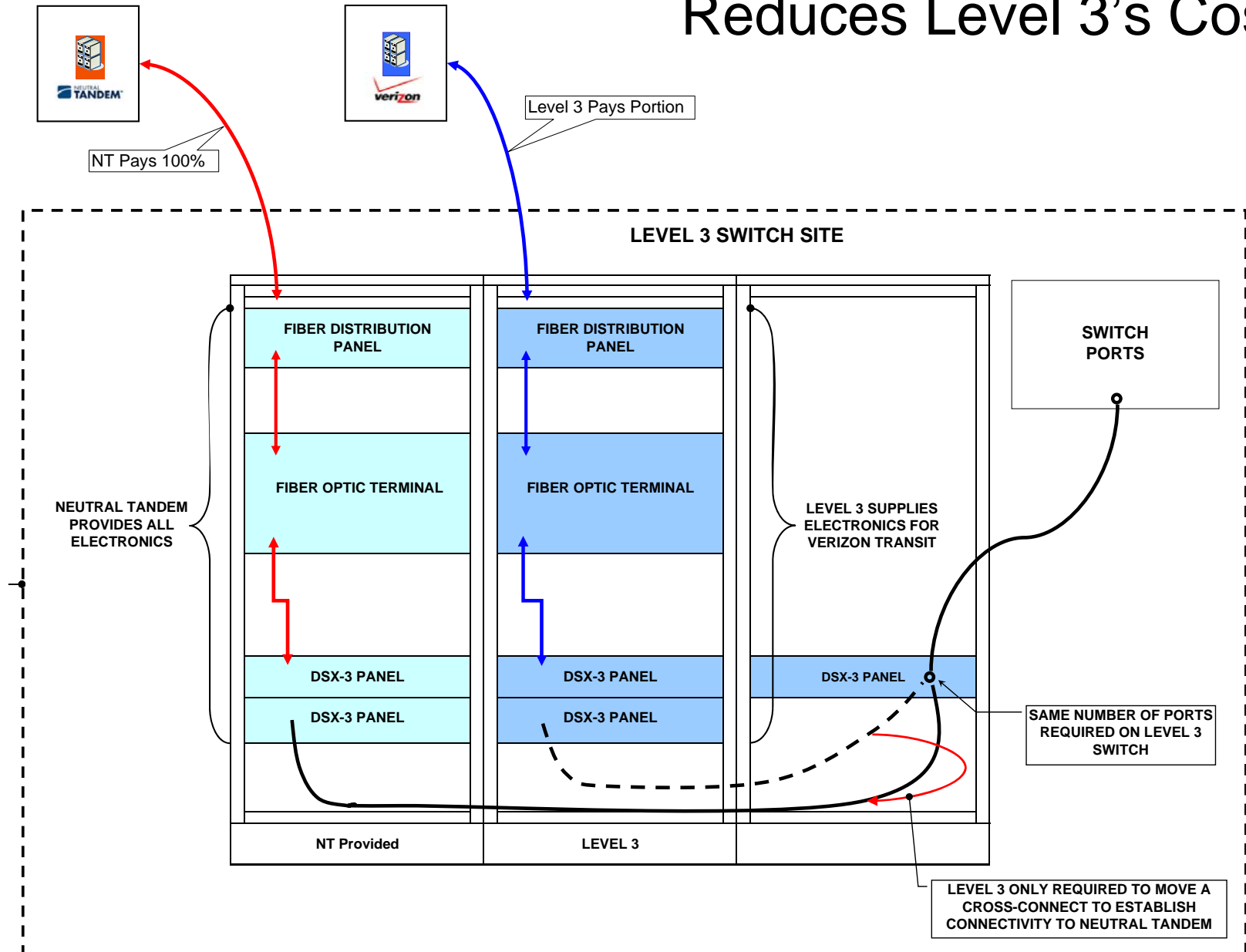
- On May 21, 2007, the Michigan Mediator issued his recommendation in favor of Neutral Tandem.
- Specifically the Mediator determined that:
 - The dispute involves Level 3's demand that Neutral Tandem pay Level 3 "reciprocal compensation" in order to maintain direct interconnection for the continued delivery of tandem transit traffic.
 - Level 3's attempt to require Neutral Tandem to make "reciprocal compensation" payments when Neutral Tandem is delivering traffic originated by other carriers is inconsistent with the law.
 - Compensation obligations are between the originator and terminator of traffic and should not affect the tandem transit provider [Neutral Tandem].
 - The law requires Level 3 to recover "reciprocal compensation" from the originating carriers.
 - There is no justification to treat Neutral Tandem differently than ILEC tandem transit providers,

* Please note that pursuant to the Michigan Telecommunications Act, the Michigan Mediation Decision may not be disclosed to the Michigan Commissioners or other Michigan PSC decision makers.

Level 3's "Concerns"

- Level 3 Seeks a Discriminatory Regulatory Regime Favoring the Incumbent LEC
- Level 3's "Vexing Questions":
 - Unsubstantiated "Costs"?
 - "Do-Over" on FCC Rule 51.701(e)

Interconnection with Neutral Tandem Reduces Level 3's Cost



New York Neutral Tandem Transport Network

Neutral Tandem has
6,341 DS1's and 182,564
DS1-Miles of Transport

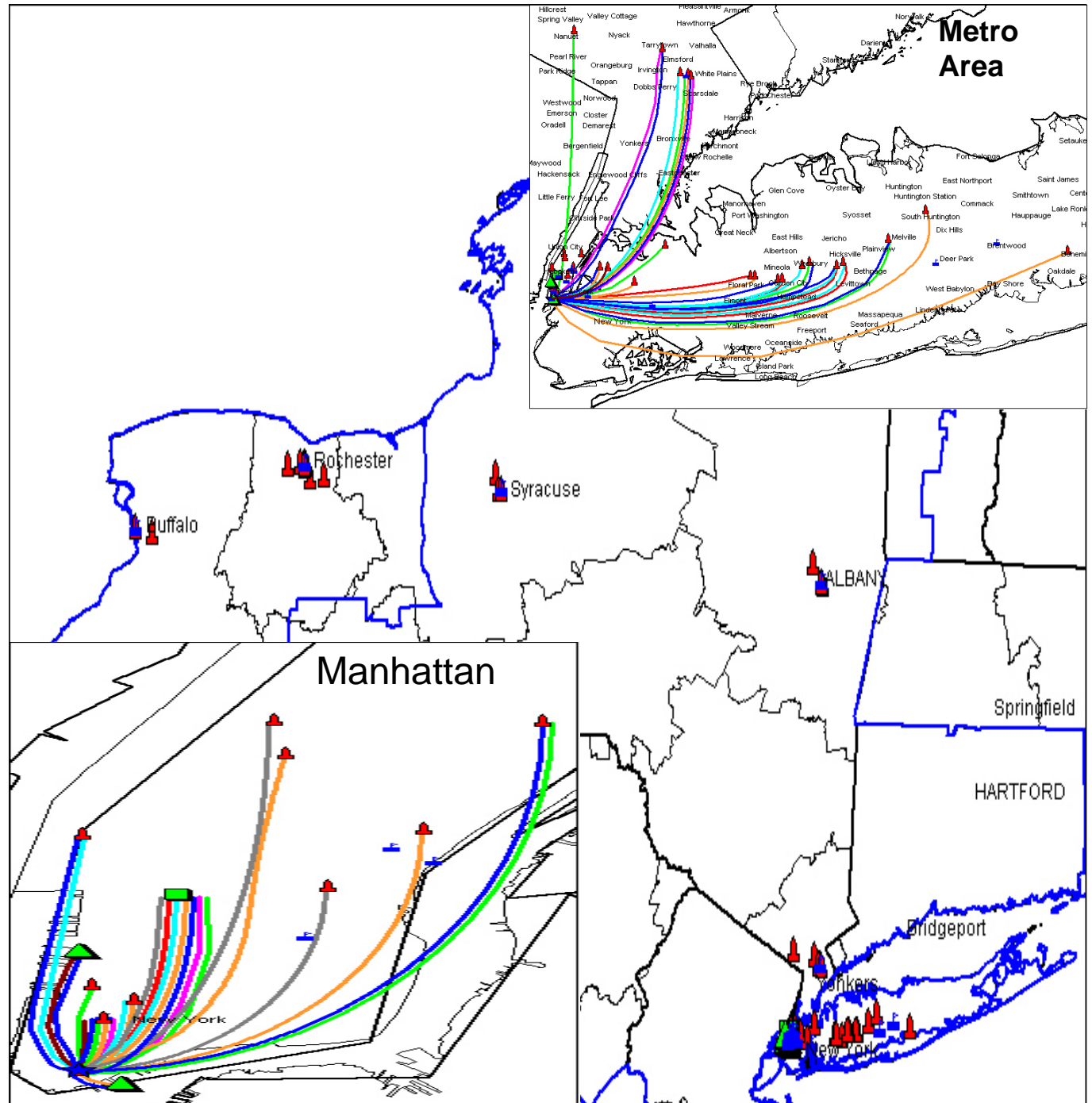
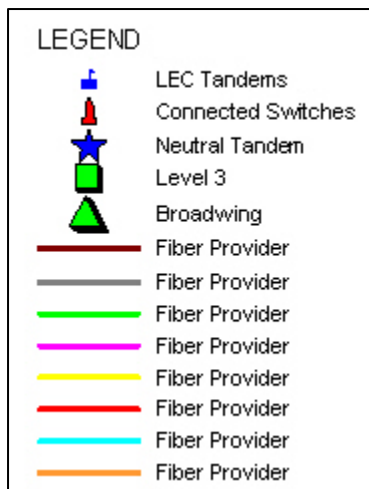
Neutral Tandem Location:
75 Broad, New York

Level 3 Locations:

325 Hudson, New York
32 Old Slip, New York
111 8th Street, New York

Level 3 Traffic:

of Minutes: > 60,000,000 / month
of DS1s: 180



Illinois

Neutral Tandem Transport Network

Neutral Tandem has
4,332 DS1s and 63,195
DS1-Miles of Transport

Neutral Tandem Location:
717 S. Wells, Chicago

Level 3 Locations:
111 N. Canal, Chicago
200 N. La Salle, Chicago
1305 Algonquin, Elk Grove

Level 3 Traffic:
of Mins: > 56,000,000 / month
of DS1s: 252

